

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

NEA-10 SCEM-02 INT-08 SCI-06 STR-08 AF-10 AGR-20

DRC-01 /252 W

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R 030530Z DEC 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8495

INFO CINAPC

UNCLAS TOKYO 15592

CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: PINT JA

SUBJECT: 72D REGULAR DIET SESSION CONVENED DECEMBER 1

SUMMARY: PRIMIN KAKUEI TANAKA AND FINMIN TAKEO FUKUDA DELIVERED POLICY SPEECHES AT OPENING OF 72D REGULAR DIET SESSION DECEMBER 1. BOTH SOUGHT TO ASSURE PEOPLE THAT GOJ WOULD DEAL EFFECTIVELY WITH INFLATION AGGRAVATED BY OIL SHORTAGE. FINMIN ALSO PRESENTED NON-INFLATIONARY JFY 73 SUPPLEMENTARY BUDGET DRAFT. END SUMMARY.

1. ON OPENING DAY OF FIVE-MONTH 72D REGULAR DIET SESSION DECEMBER 1 PRIMIN TANAKA AND FINMIN FUKUDA DELIVERED ECONOMIC POLICY SPEECHES IN LOWER AND UPPER HOUSES. PRIMIN IN 18-MINUTE SPEECH REVIEWED GOJ DOMESTIC AND FOREIGN POLICY MEASURES TO MEET OIL CRISIS, AND POLICIES TO DEAL WITH INFLATION AND LAND PROBLEMS. CITING ADVERSE IMPACT OF ENERGY CRISIS ON JAPANESE ECONOMY AND STRESSING NEED TO SECURE STABLE AND DIVERSIFIED SUPPLY OF IMPORTED ENERGY RESOURCES, UNCLASSIFIED

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HE SAID THAT HE WOULD CONTINUE RESOURCE DIPLOMACY ALREADY BEGUN IN SUMMIT TALKS INUS, EUROPE, AND USSR WHEN HE VISITS SOUTHEAST ASIA IN JANUARY. PRIMIN NOTED CLEAR STATEMENT OF GOJ MID-EAST POLICY NOVEMBER 22 AND PLAN TO DIS-

PATCH SPECIAL ENVOY TO MIDDLE EAST TO IMPROVE RELATIONS WITH ARAB NATIONS AND EXPRESSED GOJ DESIRE TO CONTRIBUTE TO REALIZATION OF PEACE IN THAT AREA. IN ADDITION TO EMERGENCY MEASURES ALREADY TAKEN TO REDUCE ENERGY CONSUMPTION, PRIMIN SAID THAT GOJ WOULD INTRODUCE PETROLEUM SUPPLY ADJUSTMENT LEGISLATION FOR WHICH HE REQUESTED SUPPORT OF PEOPLE AND OPPOSITION PARTIES. DESCRIBING CURRENT CRISIS AS HISTORIC ECONOMIC AND SOCIAL TURNING POINT, PRIMIN PLEDGED GOJ EFFORT TO PREVENT WASTE OF RESOURCES AND DEVELOPMENT OF NEW SOURCES OF ENERGY.

2. PRIMIN ACKNOWLEDGED INFLATIONARY INCREASE IN PRICES OVER PAST YEAR, BUT EXPLAINED THAT THIS CAUSED BY (1) WORLDWIDE INCREASE IN RAW MATERIAL PRICES, ESPECIALLY FOOD WHICH WAS IN SHORT SUPPLY LAST YEAR, 2) NEED TO STIMULATE DOMESTIC DEMAND AS MEANS TO CORRECT PAYMENTS IMBALANCE IN JAPAN'S FAVOR, AND (3) CONSEQUENT INCREASE IN DOMESTIC LIQUIDITY. PRIMIN STATED THAT PRESENT STRINGENT FISCAL AND MONETARY POLICIES WOULD BE CONTINUED BY GOJ UNTIL PRICE SITUATION IMPROVES, BUT ALSO WARNED THAT FURTHER RESTRAINT OF AGGREGATE DEMAND MIGHT BECOME NECESSARY, DEPENDING ON OIL SITUATION. PRIMIN GAVE ASSURANCE THAT GOJ WOULD SEEK TO MODERATE IMPACT OF ENERGY SHORTAGE ON PEOPLES' LIVELIHOOD AND WOULD SEEK TO PROVIDE STABLE SUPPLY OF DAILY NECESSITIES THROUGH NEW LIVELIHOOD STABILIZATION LEGISLATION, BUT AT THE SAME TIME CALLED ON PEOPLE TO SAVE AND PRACTICE CONSERVATION. EVEN UNDER PRESENT REDUCED OIL IMPORTS PRIMIN STATED CONFIDENCE THAT JAPAN COULD MAINTAIN BALANCE IN SUPPLY AND DEMAND FOR DAILY NECESSITIES, PROVIDED THERE IS NO EXCESSIVE STOCK-PILING, CORNERING OF MARKET OR HOARDING.

3. PRIMIN ATTRIBUTED LAND PRICE INCREASES TO INEQUITY IN SUPPLY OF RESIDENTIAL LAND (VIS-A-VIS DEMAND) AND CALLED VIGOROUSLY FOR PASSAGE OF GOJ COMPREHENSIVE LAND DEVELOPMENT BILL AS BASIS FOR SOLUTION TO PROBLEM, SINCE IT WOULD PROVIDE FOR LAND DEVELOPMENT AND USE, AND PRICE FREEZE. AT CONCLUSION OF SPEECH, PRIMIN NOTED THAT OIL PROVIDED BASIS FOR PAST ECONOMIC GROWTH BUT THAT NEW SITUATION CALLS FOR SEARCH FOR NEW AFFLUENCE. HE EXPRESSED CONFIDENCE THAT GOJ COULD DEVELOP ESSENTIAL ALTERNATIVE ENERGY SOURCES (COAL, SOLAR, HYDROGEN) AND CALLED ON PEOPLE FOR UNDER-  
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STANDING AND SUPPORT.

4. FINMIN FUKUDA PRESENTED 8-MINUTE ECONOMIC POLICY SPEECH, PLEDGING TO RESOLVE TOP PRIORITY PROBLEM OF INFLATION. FUKUDA POINTEDLY STATED THAT THIS IS WHAT PEOPLE NOW EXPECT OF GOJ, AND STRESSED THAT GOJ IS DETERMINED TO DISCHARGE THIS RESPONSIBILITY. EXPLAINING THAT PRESENT TOTALLY NEW CONDITIONS NO LONGER PERMIT CONTINUATION OF PAST HIGH GROWTH RATE, FUKUDA STATED THAT NEW FUNDAMENTAL ECONOMIC POLICY GOAL SHOULD BE MAINTENANCE OF PROPER AND REASONABLE GROWTH RATE, WITH FULL CONSIDERATION OF RESTRICTIONS IMPOSED BY (1) NEED TO STABILIZE PRICES, (2) MAINTAIN INTERNATIONAL PAYMENTS EQUILIBRIUM, AND (3) RESOURCES AND ENVIRONMENTAL PROBLEMS. ALTHOUGHOUT HE CONCEDED THAT IMPORTED RAW MATERIAL PRICES HAVE

CONTRIBUTED TO DOMESTIC INFLATION, FUKUDA STATED FLATLY THAT MAJOR FACTOR IN PRICE INCREASES HAS BEEN RAPID EXPANSION OF DOMESTIC DEMAND. UNDER CIRCUMSTANCES, FUKUDA STATED THAT BEST POLICY WOULD

BE RESTRAINT OF AGGREGATE DEMAND BY MORE STRINGENT FISCAL

AND MONETARY POLICIES, AND RETURN TO SOUND CONSUMPTION PATTERN BY PEOPLE THROUGH ENCOURAGEMENT OF GREATER SAVINGS.

5. JFY 73 SUPPLEMENTARY BUDGET DRAFT INTRODUCED BY FUKUDA PROVIDES FOR MINIMAL ADDITIONAL GOJ EXPENDITURES OF 988,600 MILLION YEN, RAISING TOTAL BUDGETARY EXPENDITURE FOR JFY ENDING MARCH 31 TO 15,272,600 MILLION YEN. FUKUDA EXPLAINED THAT DRAFT SEEKS TO AVOID FURTHER STIMULATION OF ECONOMY.

6. FUKUDA CONCLUDED BRIEF SPEECH WITH TRIBUTE TO CREATIVITY AND ENERGY OF JAPANESE PEOPLE WHOSE GREAT ECONOMIC CAPABILITY WOULD WITH CERTAINTY HELP THEM SURMOUNT PRESENT DIFFICULTIES AND BUILD WELFARE SOCIETY IN WHICH THEY COULD TAKE PRIDE.

7. INITIAL OPPOSITION PARTY REACTION UNIFORMLY NEGATIVE AND CRITICAL

. ALL TOOK PRIMIN TANAKA TOTASK FOR OMISSION OF REFERENCE TO FAILURE OF PAST POLICIES WHICH HAVE LED TO PRESENT CIRITICAL SITUATION. JSP CHARGED PRIMIN WITH HIDING FAILURES OF HIGH GROWTH RATE PRODUCTION-FIRST POLICY AND PRETENSE OF IGNORING ENVIRONMENT AND WORLD-WIDE INFLATION. JCP SPOKESMAN CRITICIZED PRIMIN FOR FAILURE TO ADMIT THAT UNCLASSIFIED

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OWN PLANS TO REMODEL JAPAN HAVE SPURRED INFLATION AND NOTED THAT PRIMIN SIMPLY REPEATED ERRORS OF PAST POLICY STATEMENTS IN CALLING FOR NEW SACRIFICES BY PEOPLE. DSP CENTERED CRITICISM ON SUDDEN SWITCH FROM OLD VIRTUE OF CONSUMPTION TO NEW VIRTUE OF FUGALITY. KOMEITO SPOKESMAN DISMISSED SPEECH AS ARRAY OF GENERALITIES, WITH GOJ REVERSING PROPER ORDER OF THINGS IN CALLING FOR FRUGALITY BY PEOPLE RATHER THAN REFLECTING ON OWN RESPONSIBILITY FOR PRESENT SITUATION. OPPOSITION WILL QUESTION GOJ IN LOWER HOUSE PLENARY SESSION MONDAY THROUGH WEDNESDAY.

8. MEDIA ALSO CRITICAL OF PRIMIN SPEECH, WITH ASAHI TYPICALLY NOTING OMISSION OF ANY REFERENCE TO OWN PLAN TO REMODEL JAPAN. FOCUSING ON DIFFERENCES IN PRIMIN AND FINMIN ANALYSES OF ECONOMIC SITUATION, MEDIA SPECULATED THAT FURTHER RIFT BETWEEN THEM MIGHT BE EXPOSED DURING DIET INTERPELLATIONS NEXT WEEK. SHOESMITH

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<< END OF DOCUMENT >>

## Message Attributes

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